

Racial Equity Playbook 1.0

Consider this a starting point for your leadership team. As you get started, some suggestions may seem too far a stretch or not possible for your organization. That's OK! You don't need to address every item on the list at once. The most important point is to make the commitment, hold yourself accountable and take action. As you make progress, you may find that items that at first appeared daunting become more approachable. Or you might prefer to defer some items in 1.0 and incorporate others in 2.0 or 3.0 earlier. This is a guidebook, not a prescription and the highest payback items will vary by organization. We encourage you to focus on racial equity, as this is where progress has been slowest.

Commitment

Commitment is the most important piece of driving diversity and inclusion. Improving diversity and inclusion is not easy, and your organization will only change if you and your leadership team are vocal about why you are embarking on this endeavor. To that end, here are some ideas you can consider to demonstrate that commitment:

- **Educate yourself and your team.** [McKinsey](#) and [Harvard Business Review](#) make the case around business performance. [Yale's endowment chief](#) has announced diversity requirements. This article is a good overview of [how bias plays out in the organization](#). While it is focused on gender issues, these same factors all apply to Black people in the workplace also.
- **[Sign The Pledge](#),** encourage your team to sign The Pledge and communicate publicly that you have done so.
- **Discuss diversity with your Board of Directors.** You will ultimately need the Board's support and commitment to diversity. Gain the board's support on how diversity and inclusion fits into the strategy of the organization. Discuss the importance of diversity with your Board and start educating the Board if necessary.
- **Include diversity and inclusion in your company values.** Diversity and inclusion can be an independent topic, or it can be incorporated into other values, but we recommend addressing it directly. Reinforce this value throughout your organization's communications (website, recruiting materials, marketing)

Establishing Accountability

- **Develop an employee census** that shows the starting point for your company diversity. This is a good first step. Many HR and payroll systems have the capacity to produce a basic census report. The report should include diversity at all levels and groups in the organization, as well as granularity by racial/ethnic/gender group, not just minorities as a whole. For more aspirational reports, you can review Slack's [diversity report](#). For an example outside of the corporate world, look at Stanford's [IDEAL dashboard](#). While these examples are from larger organizations, many of the elements work for startups as well. As a 2.0 step, add retention rates across different employee groups. You have a hard time building a diverse company if under-represented employees leave the organization at disproportionately higher rates.
- **Decide how you will use your census data** and how often you will refresh it. Re-evaluate this on at least an annual basis as part of the company's yearly results. Share the numbers with your employees and address how you plan to make progress. Seek input from employees for additional ideas to improve outcomes.

- **Incorporate your diversity pledge into your strategy** as part of your normal strategic planning process. When building out your strategic plan, consider how diversity and inclusion supports your goals. Perhaps a diverse workforce allows you to be a more innovative company by incorporating a broader range of ideas. Perhaps company diversity allows you to grow your customer base by appealing to a diverse set of potential customers both within your country of operations and internationally. As you communicate your strategy, your employees will witness your commitment to diversity and inclusion. As a result, your employees will see it as a fundamental part of their work, not a side project to be brought out and reviewed sporadically.
- **Regularly communicate your plans** and progress on diversity and inclusion, being transparent about where you are doing well and where less progress has been made. Microsoft CEO, Satya Nadella, in his [June 2020 blog post](#), provides a good example of how to talk about your diversity and inclusion initiatives. If you are a smaller organization, your CEO's blog post may be very different, but the important part is to communicate your results and what you are doing to continue to improve.

Taking Action

There are a number of tactics described below to improve outcomes. However, the implementation of these changes will likely rely on a number of different people throughout your organization. A good first step is to identify who is responsible for the different areas touched. If you are more than one level away from executive leadership, we recommend that you review our [Large Company Guide](#).

Diversity: A good first step is to broaden the reach of your recruiting efforts. Here are some specific steps you can take:

- **Prioritize a thorough job search for all hires** (i.e., de-emphasize referrals). Organizations often promote referral programs, as referrals can be less costly than full candidate searches and referred new hires adjust more easily to the existing company culture. However, when employees refer candidates, they most often refer people who look like them and come from the same networks, thereby reinforcing the current diversity level within organizations. The less diverse your organization, the more important it is to look beyond referral programs for candidates. We encourage organizations to run a full recruiting process and consider a diverse slate of candidates whenever possible. Also, you should ensure that you do not give preferential treatment to referrals in the interview process such as giving them inside information or being more generous in evaluating the candidate's qualifications or results in the recruitment process. Over time, you may consider doing away with employee referral bonuses if you have them in your organization. See this [case study](#) to learn more.
- **Job descriptions focused on core skills required:** Hazy or missing job descriptions often lead to bias in the hiring process. Be specific and direct about the necessary skills. Interview against sought after capabilities and hire based on these capabilities, rather than credentials or a vague culture fit. Consider using recruiting software that removes bias from the process, such as [this one](#). If you use recruiting software, evaluate it carefully. Many use automated algorithms that are biased or screen candidates in potentially problematic ways.
- **Challenge your hiring criteria.** Often companies look for candidates that attended certain schools or worked at certain “blue chip” companies. Focus on skills and qualities, rather than specific prior experience in the position, schools attended or previous employers. These hurdles often exclude many talented candidates, and can disproportionately impact already under-represented minorities. Challenge your thinking about what you are seeking. There may be better signals.
- **Cast a wide net.** If location is flexible, you can draw a wider audience not limited to your organization's office location (and underlying demographics) by posting to LinkedIn using the “virtual job” option or by posting on dedicated remote job sites like [Flexjobs](#). Alternatively, you can consider sites that focus on diversity candidates such as [Diversity Jobs](#) and [HBCU Connect](#).

- **Abolish the pipeline excuse.** There are many studies that show that all things being equal, a black or minority candidate is less likely to be hired than a white male. [Black tech grads are hired at a lower rate than the rate at which they are graduate.](#)
- **Include an equal opportunity or diversity statement** on all job postings. Make it specific to your company and use non-jargon language. Let potential applicants know that you are committed to diversity and inclusion. It shouldn't read as a legal statement designed to protect you from liability. Here are examples from [Textio](#) and [Ongig](#).

Inclusion: In order to retain employees from under-represented groups, it is critical to set up an environment that welcomes and supports diversity. Start with educating yourself on inclusion with this [video](#) by Michael C. Bush, Great Places to Work.

- **Inclusion and unconscious bias training:** Seek out high quality programs, particularly ones that include employee participation/discussion. Organizations that provide training should have diverse management and training staff. Programs will be more successful if they are strongly endorsed by senior management. Learn more about effective training [here](#). See our [resources](#) page for recommended training programs.
- **Leadership and management training:** In addition to DEI/race training, many organizations also need leadership and/or management training in order to make change. Conversations around race can be challenging and emotional. Equip your team for these conversations with emotional intelligence and/or psychological safety training. Make sure front line managers are skilled in constructive feedback, challenging conversations, and performance review.
- **Review employee benefits,** perks and events with an eye to inclusion. Many organizations prioritize happy hours and group events (such as golf or rope courses), which can be uncomfortable or exclusive. For many employees, floating holidays, generous vacation time and professional development are much more valuable. Make Election Day a national holiday - this both addresses a real need for many marginalized employees who have a harder time taking time off of work or getting to the polling sites and, at the same time, makes a strong statement of support for inclusion and participation.
- **Review company materials** to make sure that your organization's leadership is making strong statements promoting diversity - website, recruiting materials, job ads. Again, these statements should be specific to your company and use non-jargon language.

Equity: One additional step that helps retain a diverse workforce is to put in place practices that ensure compensation parity based on gender and race / ethnicity.

- **Create compensation bands** and use them for setting pay for new hires.
- **Don't ask candidates what they were previously making.** This perpetuates inequality. Instead extend offers based on your compensation bands. Data indicate this practice closes compensation gaps and it is the law in 18 states.
- **Negotiate starting packages only within agreed-to compensation bands.** Be careful with "unicorn hires" that require going outside of compensation bands. Consider requiring CEO approval, and how the organization will handle it if the hire does not produce as expected.

About the Racial Equity Playbook: The Racial Equity Playbook is a 100% volunteer effort from the Stanford GSB Class of 1994 Organization team, formed after the death of George Floyd. The Playbook is intended to help executives and managers wanting guidance on how to improve diversity within their organizations. For more information, visit racialequityplaybook.org.